



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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DIV. OF OIL, GAS & MINING

August 18, 2005

Mr. Doug Jensen
Senior Reclamation Specialist
Division of Oil, Gas and Minerals
1594 West North Temple, Suite 1210
Salt Lake City, UT 84720

Dear Mr. Jensen:

This letter is in regard to Kerry Holt's pending Quartz Hill decorative rock quarry located in the lower Escalante Valley southwest of Beryl Jct., Iron County, Utah. The proposed five-acre quarry site is located entirely on Federally-owned land administered by the BLM Cedar City Field Office. Mr. Holt has applied to this office for the necessary material sales contract to operate the quarry, as BLM considers the material to be quarried to be a common variety of stone and therefore falling under the 43 CFR 3600 regulations. The applicant has indicated the initial contract amount will be 5,000 tons.

Given what type of operation is being proposed, I believe the Division's small mine bond estimator is the appropriate means to estimate the necessary 3rd party reclamation bond. Under the current Division figures of \$5,000 for the first acre and \$3,000 for each additional acre, the bond for this operation should be set at \$17,000. I understand that the Division is considering adjusting these figures for inflation shortly and I have informed the applicant of the possible increases. If such a change will be forthcoming shortly it would probably be appropriate to utilize those inflated figures at the outset.

If you have any questions, feel free to contact me at 435-865-3040.

Sincerely,

Ed Ginouves